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ABSTRACT

The General Accounting Office (GAO) reviewed the state and local coordination of Temporary Assistance for Needy Families (TANF) and Workforce Investment Act (WIA) services for TANF clients. Data were gathered though the following activities: (1) analysis of surveys of WIA officials in all 50 states that were conducted in 2001 and 2000; (2) visits to 9 localities in 4 states; (3) telephone interviews with state TANF and workforce officials in 12 states and Department of Health and Human Services (DHHS) regional officials in 9 regions; and (4) a review of relevant research. Nearly all states reported some coordination of their TANF and WIA services, and the use of some coordination methods increased between 2000 and 2001. Coordination between TANF and WIA was hindered by differences between the two programs and by their use of different information systems. GAO recommended that DHHS and the Department of Labor (DOL) work together to develop ways to jointly disseminate information on how some states and localities have used the flexibility afforded to them under TANF and WIA to pursue coordination strategies. The following items are appended: an annotated bibliography of the studies reviewed; comments from DOL and DHHS; and GAO contacts and staff acknowledgments. Fourteen related GAO products are listed. (MN)

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Report to Congressional Requesters

July 2002

WORKFORCE INVESTMENT ACT

States and Localities Increasingly Coordinate Services for TANF Clients, but Better Information Needed on Effective Approaches

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Abbreviations

AFDC	Aid to Families with Dependent Children
HHS	Department of Health and Human Services
JTPA	Job Training Partnership Act
MOU	Memorandum of Understanding
OSOS	One-Stop Operating System
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
TANF	Temporary Assistance for Needy Families
WIA	Workforce Investment Act
WIN	Work Incentive
WtW	Welfare-to-Work

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United States General Accounting Office
Washington, DC 20548

July 3, 2002

The Honorable John Boehner
Chairman, Committee on Education and the Workforce
House of Representatives

The Honorable Howard P. (Buck) McKeon
Chairman, Subcommittee on 21st Century Competitiveness
Committee on Education and the Workforce
House of Representatives

The Honorable Wally Herger
Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

In 1998, the Congress passed the Workforce Investment Act[1] (WIA) to unify a fragmented employment and training system, requiring states to provide most federally funded employment-related services through one-stop centers. Two years earlier, welfare reform legislation created the Temporary Assistance for Needy Families[2] (TANF) block grant which provided flexibility to states to focus on helping needy adults with children find and maintain employment. Despite the similar focus, TANF was not required to be part of WIA's new workforce investment system; however, as we have previously testified,[3] many states and localities are working to bring together their TANF and WIA services. With the reauthorization of TANF this year and WIA next year, and the emphasis on work intensifying, the ability of states and localities to coordinate their TANF and WIA services is of increasing interest.

[1] WIA is administered and funded at the federal level through the Department of Labor and traditionally administered through a state's workforce structure.

[2] TANF is administered and funded at the federal level through the Department of Health and Human Services and generally part of a state's social service structure.

[3] U.S. General Accounting Office, *Workforce Investment Act: Implementation Status and the Integration of TANF Services*, GAO/T-HEHS-00-145 (Washington, D.C.: June 29, 2000) and *Workforce Investment Act: Coordination between TANF Programs and One-Stop Centers Is Increasing, but Challenges Remain*, GAO-02-500T (Washington, D.C.: Mar. 12, 2002).

In an effort to assess the extent of current efforts to coordinate TANF and WIA services and to understand the role that the federal government could play in assisting these efforts, you asked us to examine (1) the extent to which states and localities are currently coordinating TANF and WIA services for TANF clients, and how this had changed since 2000—when many states first implemented WIA; (2) what is known about the conditions that influence how states and localities coordinate TANF services with one-stop centers and the effectiveness of service coordination through one-stops on TANF client outcomes; and (3) what challenges hinder state and local coordination efforts.

To respond to your request, we analyzed a survey that we conducted from September through December 2001 of WIA agency officials in all 50 states and the results of a similar survey that we conducted in the spring of 2000. In addition, we visited 9 localities in 4 states from October 2001 to January 2002.[4] To further understand these issues, we conducted telephone interviews with state TANF and workforce officials in 12 states; conducted telephone interviews with Department of Health and Human Services (HHS) regional officials in 9 of the 10 regions;[5] and reviewed relevant research. We performed our work between September 2001 and April 2002 in accordance with generally accepted government auditing standards.

Results in Brief

Nearly all states reported some coordination of their TANF and WIA services at the state or local level, and the use of some of these coordination methods increased between 2000 and 2001. At the state level, coordination between TANF and WIA agencies increased slightly and was accomplished through a variety of methods, ranging from formal, such as memorandums of understanding, to informal, such as information sharing. In addition to these coordination methods, the majority of states used TANF funds to support the operations or the infrastructure of the one-stop system— 36 states used TANF funds to support the one-stop system in 2001, up from 33 in 2000. Some of the largest gains in coordination were seen at the local level. For example, in 2001 the majority of local one-stops in 44 states had established informal linkages with their TANF programs,

[4] We conducted fieldwork in Arizona, Connecticut, Louisiana, and New Jersey. These states were chosen based on a range of factors, including the structure of states' TANF and WIA programs and geographic location.

[5] One regional office said that it would not be able to provide us with information on coordination.

compared with 35 states in 2000. Additionally, TANF-related services were provided through local one-stops in a greater number of states in 2001 than in 2000, either by providing services on site (colocation) or through electronic linkages and client referrals. In 2001, for example, TANF work programs were colocated in at least some of the one-stops in 39 states, up from 32 states in 2000. Although many states and localities coordinate TANF services with one-stop centers to some extent, some continue to provide services for TANF clients outside of one-stop centers. In 2001, 4 states reported that they do not provide TANF work services through any one-stop center. This number has declined since 2000, when 12 states were not providing services through any of their one-stop centers.

A variety of conditions—including historical relationships, geographic considerations, adequacy of facilities, and different perspectives on how best to serve TANF clients—influence how states and localities choose to coordinate services with one-stop centers. States are affected differently by these conditions. For example, in some states, welfare and workforce agencies faced with facility limitations used creative means, such as outstationing workforce staff in welfare agencies, to coordinate services for TANF clients. In other states, however, welfare and workforce agencies faced with similar space constraints were unable to find ways to coordinate services. Currently, there is no clear way for states and localities to easily access information on successful approaches to overcome obstacles in coordinating services. Although research has shown that a variety of conditions influence coordination efforts, it has not clearly examined how coordinated service delivery through one-stops affects TANF clients' outcomes.

Several challenges, including program differences between TANF and WIA and different information systems[6] used by welfare and workforce agencies, inhibit state and local coordination efforts.[7] For example, different program definitions, such as what constitutes work, as well as complex reporting requirements under TANF and WIA hamper state and local coordination efforts. Though some states and localities have found

[6] See U.S. General Accounting Office, *Human Services Integration: Results of a GAO Cosponsored Conference on Modernizing Information Systems*, GAO-02-121 (Washington, D.C.: Jan. 2002).

[7] These findings are similar to those we reported in, *Means Tested Programs: Determining Financial Eligibility Is Cumbersome and Can Be Simplified*, GAO-02-58 (Washington, D.C.: Nov. 2001).

creative ways to work around these issues, the differences remain barriers to coordination for many others. For example, antiquated welfare and workforce information systems are often not equipped to share data with each other, and as a result, sometimes one-stop center staff members have to enter the same client data into two separate systems. Although HHS and the Department of Labor (Labor) have each provided some assistance to the states on how to coordinate services, available guidance has not specifically addressed the challenges that many continue to face. Moreover, HHS and Labor have not addressed differences in program definitions and reporting requirements under TANF and WIA.

To address some of these obstacles to coordination, we are recommending that HHS and Labor work together to develop ways to jointly disseminate information on how some states and localities have taken advantage of the flexibility afforded to them under TANF and WIA to pursue coordination strategies. We are also recommending that HHS and Labor, either individually or jointly, promote research that would examine the role of coordinated service delivery on outcomes of TANF clients.

Background

In recent years, the Congress passed two pieces of legislation intended, in part, to foster greater coordination between education, welfare, and employment and training programs. The Workforce Investment Act was passed in 1998 to consolidate services of many employment and training programs, mandating that states and localities use a centralized service delivery structure—the one-stop center system—to provide most federally funded employment and training assistance. The Temporary Assistance for Needy Families block grant, which was created 2 years earlier by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and replaced the Aid to Families with Dependent Children (AFDC) Program, gave states greater flexibility to design employment and training services for clients receiving cash assistance.[8] While TANF is not one of the federal programs mandated to provide services through the one-stop system, states and localities have the option to include TANF as a partner.

[8] TANF also gave states more flexibility in determining the nature of financial assistance, the types of client services, the structure of the program, and the ways in which services are provided.

For over 30 years prior to TANF and WIA implementation, states' welfare and workforce development systems collaborated at some level to provide employment and training services to welfare clients. These efforts began in 1967 with the Work Incentive (WIN) Program's requirement that states administer employment and training programs for their welfare clients. WIN's successes were limited, according to critics, largely because the program lacked coordination between welfare agencies and local employment and training agencies. WIN was replaced in 1988 when the Family Support Act created the Job Opportunities and Basic Skills (JOBS) Program to provide welfare clients with a broad range of services, including education and training services. Unlike WIN, which had a clear and formal role for the workforce development system, JOBS was to be administered or supervised by the welfare agency, but could be coordinated with existing employment, training, and education programs within each state. Our previous work shows that workforce development programs like the one created by the Job Training Partnership Act (JTPA) played a key role in providing services to welfare recipients.[9] In fact, welfare agencies could contract with these existing programs to provide JOBS services, which some state welfare agencies did. Collaboration efforts continued between 1987 and 1996, a period during which states were allowed to further experiment with their AFDC and JOBS programs as HHS began allowing waivers to provide states with more flexibility. States often used these waivers to strengthen work requirements for welfare clients and to try new ways of delivering services to welfare clients, sometimes using the workforce development system.

With the enactment of PRWORA and the creation of the TANF block grant in 1996, states were given more flexibility than they had under predecessor programs to determine the nature of financial assistance, the structure of their cash assistance programs, the types of client services provided, and how services are delivered. TANF also established new accountability

[9] See for example, U.S. General Accounting Office, *Welfare to Work: Participants' Characteristics and Services Provided in JOBS*, GAO/HEHS-95-93 (Washington, D.C.: May 1995) and *Welfare to Work: Most AFDC Training Programs not Emphasizing Job Placement*, GAO/HEHS-95-113 (Washington, D.C.: May 1995).

measures for states—focused in part on meeting work requirements[10]—and a 5-year lifetime limit on federally funded TANF cash assistance. These measures heighten the importance of helping TANF clients find work quickly and retain employment. As states have focused more on this goal of helping TANF clients obtain employment, the importance of coordinating services has received increased attention. To help clients get and retain jobs, states need to address clients' work-related needs through services such as job search and job readiness, as well as child care and transportation assistance. Frequently, addressing these issues requires those who work directly with welfare clients to draw on other programs to provide a wide array of services. While local welfare agencies administer cash assistance and sometimes Food Stamps and Medicaid, housing authorities, education agencies, and state Employment Services offices often administer other programs that provide key services to TANF clients. In addition, PRWORA broadened both the types of TANF services that could be contracted and the types of organizations that could serve as TANF contractors, and therefore nongovernmental agencies are often involved in the provision of services to TANF clients.[11]

During welfare reform, states were also experimenting with better ways to coordinate employment and training services, often using one-stop centers. Labor's efforts to coordinate service delivery began in fiscal year 1994, when they awarded One-Stop Planning and Implementation grants to some states. These grants required that most Labor-funded programs be included in one-stop centers, which were intended to integrate services in

[10] Work requirements under PRWORA include countable work activities as well as work participation requirements. PRWORA's work participation rates require that a specified proportion of the state's TANF assistance caseload be engaged in countable work activities each month. The required work participation rate for all families was 25 percent for fiscal year 1997 and 50 percent for fiscal year 2002 and thereafter. Work activities include unsubsidized employment; subsidized private or public sector employment; work experience; on-the-job training; job search and job readiness assistance; community service programs; vocational educational training and job skills training directly related to employment; education directly related to employment; satisfactory attendance at a secondary school or a course of study leading to a certificate of general equivalence; or the provision of child care services to an individual who is participating in a community service program. For more information on work activities that states and localities are using as part of their TANF programs, see U.S. General Accounting Office, *Welfare Reform: Work-Site-Based Activities Can Play an Important Role in TANF Programs*, GAO/HEHS-00-122 (Washington, D.C.: July 28, 2000).

[11] See U.S. General Accounting Office, *Welfare Reform: Interim Report on Potential Ways to Strengthen Federal Oversight of State and Local Contracting*, GAO-02-245 (Washington, D.C.: Apr. 2002).

order to create a customer-driven system that was accountable for outcomes and available to all job seekers. When WIA was enacted, all local areas nationwide were required to use the one-stop system to provide the majority of federally funded employment and training services.[12] WIA extended the one-stop concept beyond Labor programs, requiring states and localities to form partnerships with other agencies offering employment and training services. Seventeen categories of programs, funded through four federal agencies—the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development—must provide services through the one-stop center system under WIA. While TANF is not one of 17 federal programs mandated to provide services through the one-stop system, states and localities have the option to include TANF as a partner. WIA emphasizes state and local flexibility and does not require that all program services be provided on site, as they may be provided through electronic linkages with partner agencies or by referral, but WIA does require that the relationships and services be spelled out in a Memorandum of Understanding (MOU).

Other recent legislation has also attempted to strengthen the relationship between welfare and workforce development agencies. For example, in the Balanced Budget Act of 1997, the Congress authorized welfare-to-work (WtW) grants[13] to be administered through the workforce development system. These grants were awarded by Labor to states and were intended to help hard-to-employ persons receiving TANF cash assistance and noncustodial parents of minor children in families receiving TANF cash assistance obtain employment. Forty-four states have received formula grants and 191 competitive grants have been awarded to 189 entities. States have until fiscal year 2004 to spend these funds. WtW's inclusion as one of the mandatory partners in one-stop centers under WIA encourages welfare and workforce agencies to coordinate.

[12] WIA provided for more local control than JTPA. Under WIA states were required to establish local workforce investment areas with their own local workforce investment boards to oversee the new system.

[13] The WtW grants total $3 billion—about 75 percent of the funds were for formula grants to states and nearly 25 percent were for competitive grants to local organizations for innovative approaches in moving welfare recipients into permanent work.

Most States and Localities Coordinated TANF and WIA Services and Some Coordination Efforts Increased between 2000 and 2001

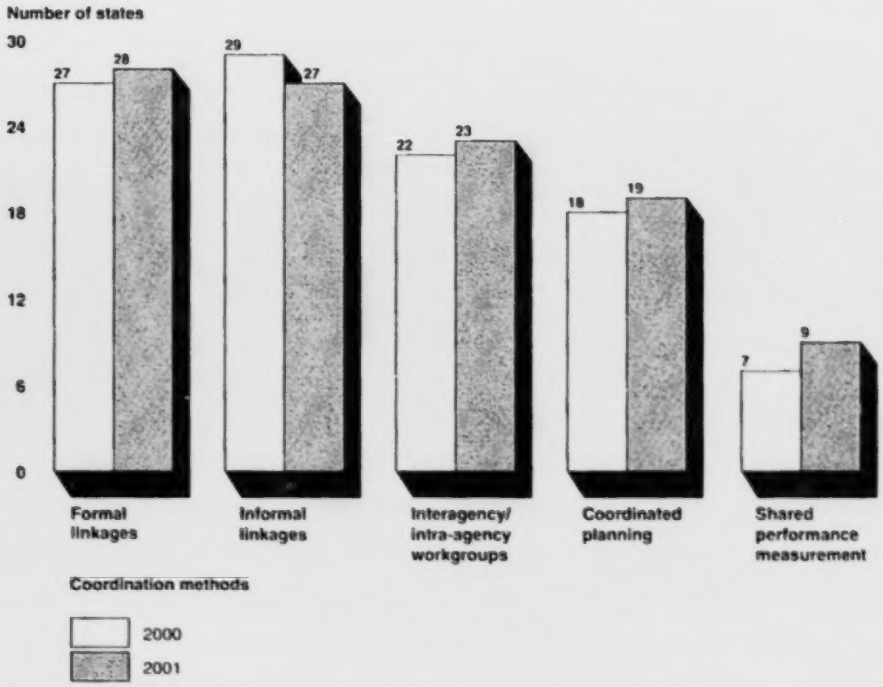
Nearly all states reported coordinating TANF and WIA services at the state or local level, and some of these coordination efforts increased between 2000 and 2001. Coordination between state TANF and WIA agencies increased slightly in 2001 and ranged from formal methods, such as MOUs, to informal methods, such as information sharing. In addition to these methods, states increasingly used TANF funds to support the operations or the infrastructure of their one-stop systems. Some of the largest gains in coordination occurred at the local level, particularly in the use of informal linkages, such as periodic program referrals. Other methods used by local areas included both formal linkages, such as financial agreements between a local TANF agency and the one-stop center, and coordinated planning. In addition, many localities coordinated the provision of services for TANF clients through one-stop centers, either by colocation or electronic linkages and client referrals, and these efforts increased in 2001. Although many states and localities coordinate TANF services with one-stop centers to some extent, some still provide services for TANF clients outside of one-stop centers.

Coordination between State TANF and WIA Agencies Occurred in Most States and Increased Slightly in 2001

Most states reported some level of coordination between state agencies administering TANF and WIA, and coordination efforts increased slightly between 2000 and 2001. Coordination methods used by the states ranged from formal linkages, such as MOUs, to informal methods, such as information sharing. Twenty-eight states reported that they made extensive use of formal linkages, such as MOUs and state-level formal agreements, between the agencies administering TANF and WIA in 2001, compared with 27 states in 2000. Similarly, there was a slight increase in the states' use of coordinated planning in 2001, with 19 states reporting that they used it to a great extent, compared with 18 states in 2000 (see fig. 1). In addition, 17 states reported using more coordination methods to a great extent in 2001. Moreover, 9 states used all five of the coordination methods that we analyzed—up from 7 states in 2000.[14]

[14] Our survey asked states to report the extent to which different types of coordination were occurring at the state level between WIA and TANF programs. We analyzed five types of state-level coordination: formal linkages (such as memorandum of understanding, state-level agreements, or mutual referral agreements); informal linkages and interagency communication (such as sharing information about programs or changes in programs as they occur); interagency and intra-agency workgroups and consolidated advisory boards; coordinated planning; and shared performance measurement and reporting.

Figure 1: Methods of State Coordination Occurring to a Great Extent, 2000 and 2001



Source: GAO survey data.

Increased coordination between TANF and WIA programs was also seen in the use of TANF funds to support one-stop center infrastructure or operations. The number of states using TANF funds to support one-stop centers increased to 36 in 2001 from 33 in 2000. In addition, the number of states ranking TANF as one of the three largest funding sources for their one-stop centers rose to 15 in 2001 from 12 in 2000. Sometimes TANF employment and training funds were completely transferred to the state workforce agency to provide all employment and training services to TANF clients in the state. For example, in both Michigan and Connecticut, all TANF employment and training funds were allocated to the state workforce agencies, which took responsibility for providing all employment and training services to TANF clients through the one-stops. In other states, the state TANF agency retained responsibility for TANF employment and training funds, transferring only a portion to the workforce agency, sometimes on a contractual basis. For example, in New Jersey, the state TANF and WIA agencies established a contract that directed a portion of TANF funds to the state Department of Labor to be

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used for providing employment-related services to TANF clients at the one-stops; the remaining funds were retained by the TANF agency and distributed to local areas at the TANF agency's discretion.

In addition, states sometimes established other formal or informal relationships to further strengthen the coordination between TANF and WIA agencies. For example, in Texas, the Texas Workforce Commission and the Health and Human Services Commission are required to jointly develop and adopt a formal MOU, providing for coordinated case management of hardest-to-serve TANF clients. In California, the relationship between the two agencies often took more informal forms, with TANF and WIA agencies participating in joint planning efforts, workgroups that focused on service duplication, and policy groups that addressed pertinent operational issues affecting both agencies.

Localities Increasingly Coordinated TANF Services with One-Stop Centers

Local-level coordination of TANF-related services with one-stop centers also increased between 2000 and 2001, with some of the most dramatic changes occurring in the use of informal linkages between local TANF agencies and one-stop centers. In addition to these methods, local one-stops were increasingly providing services to TANF clients by colocation or electronic linkages and referrals. Besides TANF- and WIA- funded services, many local areas also provided WtW services to TANF clients through the one-stop system.

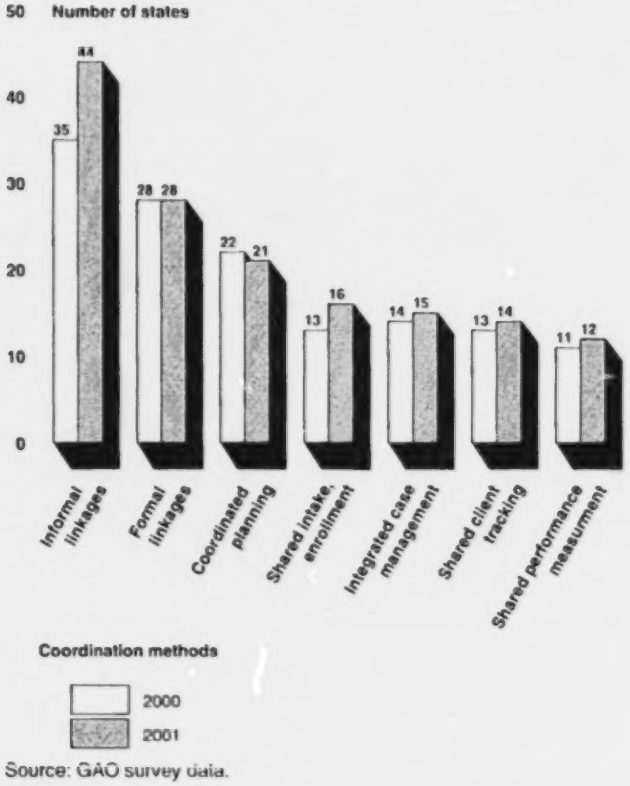
Program Coordination between TANF and WIA Agencies Increased at the Local Level

Some of the largest gains in program coordination between 2000 and 2001 were seen at the local level, with the most dramatic changes occurring between local TANF agencies and one-stop centers in informal linkages, such as periodic program referrals or information services.[15] Forty-four states reported that most of their one-stop centers had informal linkages with their TANF programs in 2001, compared with 35 states in 2000 (see fig. 2). Similarly, 16 states reported that most of their one-stop centers had shared intake or enrollment systems in 2001—up from 13 in 2000, and 15 states reported in 2001 that they used an integrated case management

[15] Our survey asked states whether most of the centers coordinated TANF and WIA programs. We analyzed seven methods of local level coordination: informal linkages (such as periodic program referrals or information services) and interagency communication (such as telephone calls, memorandums, or flyers announcing program services); formal linkages (such as memoranda of understanding or mutual referral agreements); coordinated planning; shared intake and enrollment; integrated case management; shared client tracking; and shared performance measures.

system in most of their one-stop centers—an increase of 1 state from our 2000 results. Also, more coordination methods were in use at local one-stops. The number of states that reported that most of their one-stop centers used all seven methods of local-level coordination increased to 10 states in 2001 from 7 in 2000.

Figure 2: Coordination Methods that States Reported Most of Their One-Stop Centers Were Using, 2000 and 2001



Source: GAO survey data.

Local One-Stops Increasingly Provided Services to TANF Clients

Increases in coordination between TANF services and one-stop centers were also seen in the use of the one-stop system to provide services to TANF clients. Localities increasingly coordinated the provision of services to TANF clients through local one-stop centers—either through colocation of services at the one-stop or through electronic linkages and client referrals to providers outside the one-stop. Moreover, the number of states with services colocated in at least some of their local one-stop centers increased between 2000 and 2001 (see fig. 3). For example, the number of

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states with TANF work services colocated in at least some of their one-stops increased to 39 in 2001 up from 32 in 2000. Moreover, of the 18 states in 2000 that did not have TANF work services colocated in any of their one-stops, 8 had colocated TANF work services at some or all of their one-stops by 2001. While the same number of states—24—reported in both 2000 and 2001 that TANF work services were colocated at the majority of their one-stops, the use of electronic linkages or referrals increased. Fifteen states reported in 2001 that work-related services for TANF clients were either electronically linked to the majority of their one-stop centers or provided by referring clients from the one-stop to services located outside the one-stop, while 11 states reported these types of linkages in 2000.

A variety of TANF work services were available at the one-stops. These services included job search and registration, skills enhancement, vocational training, assistance in developing individual employability plans, and case management geared toward addressing barriers to employment. For example, in local areas that we visited in New Jersey, clients came to the one-stop to participate in job readiness courses and self-paced adult education curricula, or to receive assistance with résumé writing and job interviewing skills. A local area in Connecticut provided TANF clients at the one-stops with an opportunity to take part in on-site recruitment by local employers.

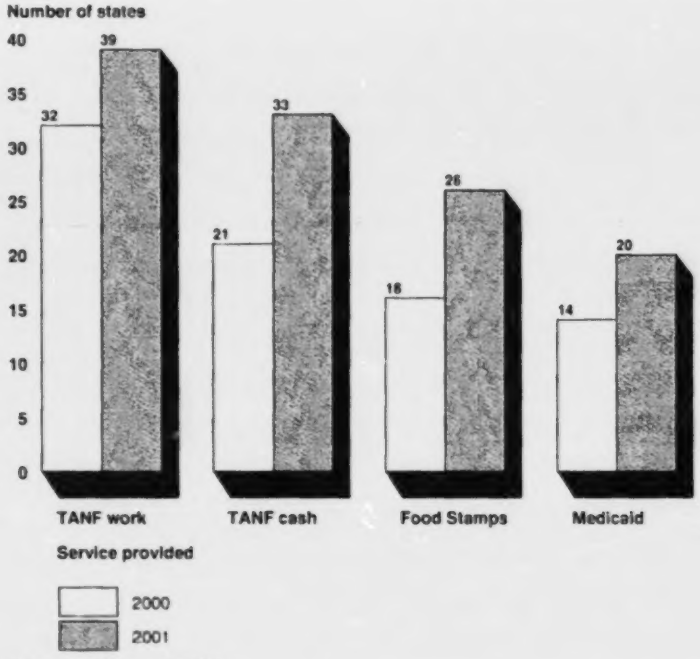
Sometimes states instituted policies to further strengthen the relationships between the programs and ensure that clients were connected to work services at the one-stop centers. In Michigan and Texas, for example, TANF clients were required to attend an orientation session at the one-stop before they could receive cash assistance. Similarly, in Connecticut, because of low participation rates for TANF clients at one-stop centers, the legislature enacted a law requiring TANF clients to use one-stop centers as a condition of receiving cash assistance.

In addition to TANF work services, states also increasingly coordinated TANF cash assistance, Food Stamps, and Medicaid programs with the one-stop centers. Colocation of cash assistance increased in 2001—16 states reported that they provided cash assistance services at least part time at the majority of their one-stop centers, compared with 9 states in 2000. Colocation of Food Stamps and Medicaid also increased. For example, although 7 states in both years reported that they conducted Medicaid eligibility at the majority of their one-stops, the number of states reporting that Medicaid eligibility was conducted in at least some of their one-stops increased to 20 in 2001 from 14 in 2000. For Food Stamp eligibility, 10

states reported providing this service at the majority of their one-stops in 2001, up from 7 states in 2000. Moreover, the number of states with Food Stamp eligibility conducted in at least some of their one-stops was 26 in 2001, up from 16 states in 2000.

When states did not colocate services, they sometimes coordinated them by using electronic linkages or by referral. About half of the states coordinated their TANF cash assistance or Food Stamps or Medicaid programs with the one-stop centers, electronically or by referral, in 2000 and 2001. In 2001, Food Stamp eligibility was available electronically or by referral at the majority of one-stops in 29 states, and Medicaid eligibility was available in the same manner at the majority of one-stops in 27 states—up from 26 and 24 states, respectively, in 2000. For example, state officials in both Connecticut and New Jersey reported that even though one-stop staff did not determine eligibility for Medicaid and Food Stamps at the one-stops, the staff were expected to refer clients to appropriate support services outside of one-stop centers.

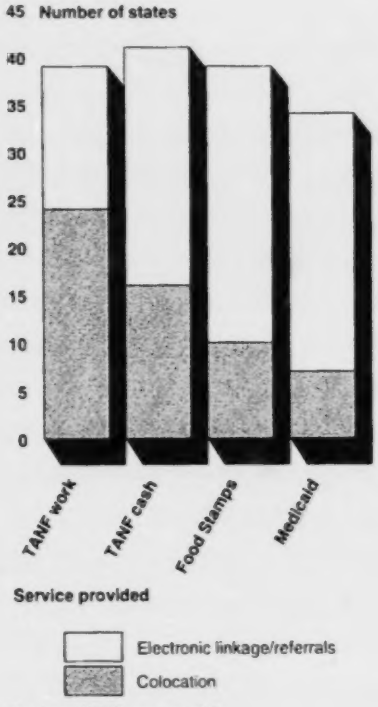
Figure 3: Number of States with Services Colocated in at Least Some One-Stops, 2000 and 2001



Source: GAO survey data.

Although colocation, electronic linkages, and referrals were all used to serve TANF clients through the one-stops, in general, the form of coordination between TANF programs and one-stop centers varied depending on particular services provided. For example, when TANF work services were coordinated through the one-stop centers, they were more likely to be colocated. TANF cash assistance and the Food Stamps and Medicaid programs were more likely to be connected with one-stop centers electronically or by referral (see fig. 4).

Figure 4: Forms of Coordination that States Reported the Majority of Their Local One-Stops Used, 2001



Source: GAO survey data.

We also saw wide variation in the degree to which other support services, such as child care and transportation, were provided through the one-stop system. For child care assistance, the forms of coordination included colocation of child care programs at the one-stop as well as the provision of information on child care services available elsewhere. In New Jersey, for example, representatives from child care assistance programs were colocated at some of the one-stop centers, whereas in Arizona, coordination was limited to childcare information brochures on display at one-stop centers. Officials reported that in one county in New York, WIA funds were used to provide daycare vouchers to TANF clients. Many of the one-stops that we visited provided some kind of transportation assistance, although the nature of the services and whether or not the services were reserved for TANF clients varied from locality to locality. For example, in one location in New Jersey that we visited, the one-stop center reimbursed any low-income client attending training for transportation expenses,

whether or not the client was covered under TANF. Another New Jersey one-stop provided van services to transport former TANF clients to and from job interviews and, once clients were employed, to and from their jobs, even during evening and night shifts. Similarly, in a one-stop in Connecticut, current and former TANF clients could receive mileage reimbursement for their expenses associated with going to and from their jobs. And in Louisiana, a one-stop we visited contracted with a nonprofit agency to provide van services to transport TANF clients to and from work-related activities.

Other support services were sometimes provided through the one-stop as well. For example, under an agreement between human service and WIA officials in one local area of Tennessee, TANF clients are referred to the workforce agency where caseworkers work with them to identify needed support services, such as dental care and auto repair, and connect the TANF clients with providers of those services.

Welfare-to-Work Services Were Available to TANF Clients at the One-Stops

In some states, TANF clients were served at the one-stops through the use of Labor's WtW grant program—a mandatory partner at the one-stops under WIA. Some state and local officials said that the WtW program helped promote local-level coordination between welfare and workforce agencies, a finding that we reported in our earlier work.[16] Although work-related services for TANF clients were available both through the one-stop centers and outside of them—sometimes using a variety of funding streams—the hardest-to-employ TANF clients were increasingly accessing services at the one-stops through the WtW program. In 2001, 42 states had WtW services colocated in at least some of their local one-stops, compared with 34 states in 2000. In addition, states reported that WtW services were physically located at the majority of one-stop centers in 31 states in 2001, up from 27 states in 2000. Some WtW services included assistance given to clients in developing Personal Responsibility Plans, helping the hardest-to-serve clients prepare for job interviews, or following up with TANF clients who recently entered the workforce. Through the WtW program, local areas in Louisiana placed state Labor staff administering the program in social services offices across the state to assess TANF clients' eligibility for WtW and refer eligible clients to the one-stops for appropriate services.

[16] U.S. General Accounting Office, *Welfare Reform: Status of Awards and Selected States' Use of Welfare-to-Work Grants*, GAO/HEHS-99-40 (Washington, D.C.: Feb. 1999).

Sometimes WtW grants were also used to provide support services to current or former TANF clients at the one-stops, including child care, transportation, and other assistance. For example, a local one-stop that we visited in Arizona used the WtW grants for a Sick Child Care Program, an initiative that, under a contract with a local nonprofit organization, provides for nurses to be sent to the homes of TANF clients with sick children, thus enabling them to participate in work-related or training activities. A local one-stop that we visited in New Jersey used WtW funds to establish an Individual Development Account Program whereby clients transitioning into the workforce could save money matched by the one-stop for a work-related purpose, such as purchasing a car to get to the workplace. The same one-stop also used WtW funds in employing an outside financial services company to help those who recently left TANF for employment apply for their Earned Income Tax Credit.[17]

Some officials expressed concerns about the ability of local one-stops to continue providing work-related services to TANF clients once all states' WtW funds expire. For example, officials reported that in one state, where local TANF offices previously referred TANF clients to the one-stops as part of the state's WtW program, few referrals have been done since the depletion of WtW funds. In California, where WtW funds are sometimes the only funding source available to serve TANF clients at the one-stops, one county is currently developing a formal transition plan to provide services to TANF clients at the one-stops using WIA funds after WtW funds expire. A California state official told us, however, that the expectation in other areas is that no other funding sources will be available to serve this population and that clients will have to be sent back to be served by separate TANF agencies.

TANF-Related Services Are Also Provided Outside of the One-Stop Centers

Despite increased coordination of TANF work services through the one-stops, many states and localities still provided services to TANF clients outside of one-stop centers at separate TANF offices. However, the number of states not coordinating any work services to TANF clients through the one-stops—either by colocation or electronic linkages and referrals—declined between 2000 and 2001. While 12 states in 2000 reported that they were not providing TANF work services through any of their one-stop centers, the number had declined to only 4 states in 2001.

[17] The Earned Income Tax Credit is a refundable tax credit available to low-income working taxpayers.

Some states— Indiana, Maryland, and Mississippi, for example—offered a full range of employment and training services to clients through their local TANF agencies, which were located in every local area. In other states, separate TANF agencies were maintained even though some work services were still coordinated through the one-stops. For example, in Alabama, where work services were available through the one-stops by means of electronic linkages or referrals, clients received all employment and training programs at county welfare offices where they could also access all needed support services. Similarly in Louisiana, each parish had an Office of Family Support where TANF clients received employment and training assessments, counseling, and referrals.

A Variety of Conditions Influence State and Local Coordination Efforts, but Little Is Known about the Effectiveness of Coordinated Service Delivery on TANF Clients' Outcomes

A variety of conditions—including historical relationships, geographic considerations, adequate facilities, and different perspectives on how best to serve TANF clients—influence how states and localities choose to coordinate services with one-stop centers. States are affected differently by these conditions. While these conditions sometimes facilitated states' coordination efforts, other states faced with similar conditions found coordination difficult. Although research has shown that a variety of conditions influence coordination efforts, it has not clearly examined how coordinated service delivery through one-stops affects TANF clients' outcomes.

A Variety of Conditions Influence How States and Localities Coordinate TANF Services with One-Stop Centers

A variety of conditions continue to affect how states and localities coordinate TANF services with one-stop centers. The nature of historical relationships between welfare and workforce agencies at the state and local level, specifically agencies' experience in working with each other in the past, often sets the stage for the level of present coordination. Geographic considerations, such as variations in layout of agency service districts, physical distance between one-stop centers and welfare offices, and the number of TANF clients in a given area, can also affect how states and localities coordinate services. The availability of adequate facilities can also influence state and local coordination efforts. In addition, welfare and workforce agencies often have different perspectives on how to best serve TANF clients. While some states and localities have had success in using the flexibility afforded them under WIA and TANF to coordinate in spite of these conditions, others lack information on the coordination

efforts of other states and localities. Although there is some "promising practices" information currently available on selected websites, it is not generally organized in a way that allows readers to readily obtain information on coordinating services.

Historical Relationships

The existing level of coordination between TANF services and one-stop centers is often a reflection of how state and local agencies have worked with each other in the past. Some officials said that their efforts to coordinate TANF services with one-stop centers have been complicated by state and local agencies' lack of experience working together, which sometimes resulted in a lack of trust between agencies. For example, some officials reported that coordination was difficult because, historically, there has been little cooperation between workforce and welfare agencies in their state.

Some states that had previously coordinated other employment and training programs among multiple agencies, noted that this experience made coordination of TANF services with one-stop centers easier. For example, in Idaho, the state Department of Labor invited the state's welfare agency to join a focus group on coordination as early as 1992, and a TANF representative has served on the state management team for workforce development since their earliest one-stop implementation efforts. Also, officials in Illinois reported that TANF staff regularly attended JTPA meetings in the past and have been involved with WIA since it was implemented, laying the framework for coordinating TANF services with one-stop centers.

Local areas sometimes have found ways to creatively coordinate services even in states where state agencies had little experience working together. For example, although TANF clients in Louisiana access TANF services outside of one-stop centers, staff at a local one-stop we visited reported that they work closely with parish welfare staff to ensure that TANF clients were aware of the full range of services available at the one-stop. According to local officials, the mutual commitment between welfare and workforce officials enabled them to work together to meet the needs of all clients. In Arizona, where state welfare and workforce agencies operate services for TANF clients outside the one-stops, a local one-stop has regularly organized job fairs in conjunction with welfare staff since the implementation of WIA.

Geographical Considerations

Various geographical considerations can affect how TANF services are coordinated with one-stop centers. In some states, the layout of agency service districts, physical distance between one-stop centers and welfare offices, and the number of TANF clients in a given area have affected the extent of coordination. For example, HHS regional office personnel reported that West Virginia social service agencies were reluctant to coordinate with one-stop centers because service districts for TANF and WIA were not the same, and TANF officials did not always know what local workforce investment areas encompassed their agency.

Other states' efforts to coordinate services were limited by the lack of one-stop centers within the state. For example, officials in Alabama reported that, although welfare agencies were located in every county, one-stop centers were not. For this reason, they believed that the existing one-stops could not accommodate all TANF clients in the state. In addition, other state efforts to coordinate services were limited due to the decline of the TANF population that resulted in a small number of TANF clients in some areas. For example, in Illinois, where caseload declines had left few TANF recipients in some areas, state officials stressed the importance of allowing local areas the flexibility to determine when and how to coordinate TANF-related services with one-stop centers.

These geographic considerations can also encourage state and local coordination efforts. HHS regional office personnel reported that smaller states with only one local workforce investment area believed that the small size of the state encouraged the coordination of services. Existing research has confirmed that locating one-stop centers near facilities where other TANF services are offered to clients facilitated coordination. In addition, officials at a local one-stop in Connecticut reported that having a social service office and the one-stop center located on different floors in the same facility made it easier for agencies to communicate with each other and for clients to get services. Other states have located one-stop centers in areas that are more accessible to TANF clients in order to make coordination beneficial for them. Both New Jersey and Louisiana have established plans to create satellite one-stop centers in public housing areas. The New Jersey Department of Labor has a contract with a local housing authority to establish an on-site employment center for serving WtW-eligible TANF clients residing on the premises of the housing authority. The New Orleans workforce investment board is also in the process of locating seven satellite one-stop centers in housing projects within the city limits. Both efforts were undertaken to improve TANF clients' access to one-stop centers, which in turn encourages greater coordination between the local workforce and welfare agencies.

Availability of Adequate Facilities

Availability of adequate facilities can shape how states and localities coordinate TANF services with one-stop centers. Officials in several states reported that coordination efforts were hampered because available space at one-stop centers was limited and the centers could not house additional programs or service providers. For example, in a local Louisiana one-stop, staff were unable to colocate more partners because they did not have space to accommodate additional providers. In addition, state officials explained that long-term leases often prevented relocation of TANF services to one-stop centers because agencies administering those services could not afford to incur the cost of breaking those leases in order to move to one-stops. Other states facing similar limitations in facilities have developed alternatives, such as rotating welfare staff to one-stop centers or locating workforce staff in welfare offices. For example, in order to help TANF clients access employment and training and to link them to one-stop centers, the Louisiana Department of Labor located a WtW representative in most local welfare offices. WtW staff provided key information to TANF clients about services available at one-stop centers.

Different Perspectives on How to Best Serve TANF Clients

Officials' perspectives on how best to serve TANF clients can affect whether TANF services will be offered in one-stop centers. While some believe TANF clients are best served in separate social service facilities, others consider that coordination through the one-stop is more beneficial. Some officials argued that TANF clients who have multiple barriers to employment[18] might not receive priority of service in a one-stop center environment. As a result officials in some states were hesitant to coordinate services for TANF clients with one-stop centers because they believe that the needs of TANF clients were better served in social service facilities by staff trained to meet their specific needs. For example, HHS regional representatives reported that Rhode Island social service officials believe TANF clients often need exposure to pre-employment experiences such as English language services—not always available at one-stop centers—before they can fully benefit from the work-related programs at the one-stops. Also, state officials in Washington reported that TANF clients need a higher level of supervision and more structured assistance than they believe one-stops can provide in order to help clients maintain participation in the program and achieve desired outcomes. According to

[18] For example, some TANF clients have characteristics such as poor health or disability, limited work experience, no high school diploma, exposure to domestic violence, and substance abuse issues that make finding and keeping a job more difficult. See, U.S. General Accounting Office, *Welfare Reform: Moving Hard-to-Employ Recipients Into the Workforce*, GAO-01-368 (Washington, D.C.: Mar. 2001).

several HHS regional officials, some states are concerned that it may be difficult for TANF clients to access all support services (especially child care, substance abuse counseling, and transportation) through the one-stops. Other states told the HHS regional officials that they were hesitant to coordinate TANF services with one-stop centers as long as other needed support services continued to be provided outside that structure.

HHS regional officials said that in other states, state officials reported that coordinating TANF services with one-stop centers was beneficial to TANF clients, and services were structured accordingly. HHS regional officials reported that some state officials believe that, because workforce staff have more experience in getting people into jobs, exposing TANF clients to one-stops would better prepare them for work. For example, welfare officials in Georgia supported the coordination of TANF services with one-stop centers because they believed that TANF clients would benefit from the workforce expertise of one-stop staff. HHS officials said that other states also agree that TANF clients have access to a greater array of employment and training services at one-stop centers and that early contact with these services can help ensure continued access to services once TANF clients no longer receive cash assistance. Other officials reported that provision of services for TANF clients through one-stop centers encourages program staff to be more aware of other services available in both welfare and workforce systems.

Research Shows a Variety of Conditions Influence Coordination Efforts, but Little is Known about the Effectiveness of Coordinated Service Delivery on TANF Clients' Outcomes

While research shows that a variety of conditions influence if, and how, states and localities choose to coordinate TANF services, limited research is available on the effectiveness of coordinated service delivery on TANF clients' outcomes. In our analysis of the literature,[19] we did not find a national study that compared the effectiveness of coordinated service delivery to that of other service delivery methods in supporting successful outcomes for welfare clients. Without research on the effectiveness of coordinated service delivery, states and localities must make decisions without the benefit of thorough evaluation and analysis.

In general, we found few recent research studies on the coordination of welfare and workforce development services. Although the research is limited, findings from existing research address conditions that promote

[19] We focused our review on large-scale studies that examined welfare and workforce coordination efforts. See appendix I for a bibliography of reviewed studies.

or inhibit coordination between agencies. Some of the conditions identified in the research as promoting coordination included a history of working together and good working relationships between agency officials. Conditions identified as inhibiting coordination included agency space limitations and different geographic boundaries. All of these conditions are similar to those we found and previously mentioned in this report. Research has not shown that there is any one method or model of coordination that works best or that could be consistently applied in all settings. (See appendix I for a listing of reviewed research studies and their relevant findings.)

Although limited research focused on welfare and workforce coordination efforts, no study compared the effectiveness of coordinated service delivery to that of other service delivery structures for welfare clients.[20] One study examined outcomes for welfare clients who received services at five one-stop centers in five states, but the study did not compare outcomes of welfare clients receiving services in one-stop centers to those who received them through different delivery structures.[21]

Both HHS and Labor have research authority and, since the enactment of TANF and WIA, both have used this authority to encourage various evaluations of policy changes influenced by the legislation. However, federal research efforts on the effectiveness of coordinated service delivery on welfare recipients' outcomes have been limited.[22] To examine the effectiveness of various employment and training strategies, HHS and Labor are currently co-sponsoring a 5-year experimental study on employment retention and advancement to identify how to best provide post-employment services to the welfare population and which interventions work best in promoting retention and advancement of welfare recipients.[23] Though this study will focus on local areas where

[20] Other service delivery structures include local welfare agencies and other employment and training service providers.

[21] See James L. McIntire and Amy F. Robins, *Fixing to Change: A Best Practices Assessment of One-Stop Job Centers Working With Welfare Recipients* (Washington: Fiscal Policy Center, University of Washington, 1999).

[22] Most of the literature on welfare and workforce coordination efforts examined in this review was funded in part by HHS.

[23] HHS and Labor are also working together on a project whose main goal is to enhance employment outcome for current and former TANF recipients and other low-income parents who face serious obstacles to steady work.

services are delivered through one-stops and local areas where services are delivered through other structures, the current study design does not focus on how the different service delivery structures—one-stop centers and welfare agencies—affect the outcomes of welfare recipients.[24] In addition, little evaluation of the effects of different service delivery structures on welfare clients' outcomes has occurred, although Labor's 2000-2005 research plan identifies research on interventions to assist welfare clients as a high-priority research area.[25]

Challenges Inhibit State and Local Coordination Efforts

Several challenges— including different program definitions, complex reporting requirements between TANF and WIA, and different information systems that do not share data[26]—inhibit state and local coordination efforts.[27] Although HHS and Labor have each provided some assistance to the states on how to coordinate services, the available guidance has not specifically addressed the challenges that many continue to face. Moreover, HHS and Labor have not addressed differences in program definitions and reporting requirements under TANF and WIA. However, a recent legislative proposal has called for Labor and HHS to jointly address the commonalities or differences in data elements, definitions,

[24] To the extent that clients are involved in one-stops, their outcomes will be investigated through program records and interviews.

[25] WIA mandates that the Secretary of Labor prepare a 5-year research plan that is updated every 2 years to address areas in need of future research. The 2000-2005 research plan included interventions to assist the hardest-to-serve clients, including welfare clients, as a high-priority research area. Additionally, Labor issued a *Federal Register* notice on February 28, 2002, to solicit comments on the reauthorization of WIA and linkages with TANF that included a request for comments on the enhancement of service delivery through the one-stops to improve welfare recipients' outcomes.

[26] See U.S. General Accounting Office, *Human Services Integration: Results of a GAO Cosponsored Conference on Modernizing Information Systems*, GAO-02-121 (Washington, D.C.: Jan. 2002).

[27] These findings are similar to those we reported in, *Means Tested Programs: Determining Financial Eligibility Is Cumbersome and Can Be Simplified*, GAO-02-58 (Washington, D.C.: Nov. 2001).

performance measures, and reporting requirements between TANF and WIA.[28]

Different Program Definitions and Reporting Requirements Complicate Coordination

Different program definitions and reporting requirements in TANF and WIA constrain the flexibility that states and localities have to coordinate TANF services through one-stop centers. The overall difference in how the success of TANF and WIA is measured, as defined by program definitions and reporting requirements challenges states and localities in their efforts to coordinate services.

As states and localities attempt to coordinate services for TANF clients with one-stop centers, they encounter challenges to harmonizing different program definitions within TANF and WIA. Although both TANF and WIA focus on work, different program definitions—such as what constitutes work or what income level constitutes self-sufficiency—make coordination between the programs difficult. While many definitions are established by legislation and cannot be readily changed, a few can be locally determined, and two states we contacted found ways to harmonize their locally determined definitions. For example, Connecticut developed a self-sufficiency standard[29] that could be uniformly applied across TANF and WIA so that both programs could place clients in jobs with similar wage levels. Having one self-sufficiency standard enables welfare and workforce staff to use one process to determine suitable job training programs and identify appropriate jobs. Similarly, one local one-stop center we visited in Arizona worked to accommodate what qualifies as a work activity for TANF clients. At this center, welfare and one-stop officials worked together to develop training for both programs that enabled TANF clients to meet the requirement of a TANF work activity. However, officials in other states reported that definition differences

[28] HR 4737 (which passed the House on May 16, 2002) requires that, not later than 6 months after the date of enactment, the Secretary of Health and Human Services and the Secretary of Labor jointly submit a report to the Congress describing common or conflicting data elements, definitions, performance measures, and reporting requirements in WIA of 1998 and part A of Title IV of the Social Security Act, and, to the degree each Secretary deems appropriate, at the discretion of either Secretary, any other program administered by the respective Secretary, to allow greater coordination between the welfare and workforce development systems.

[29] Connecticut's self-sufficiency standard is calculated by considering income and local costs of living.

between TANF and WIA programs, including dissimilar self-sufficiency standards, made coordination efforts more difficult.

In addition, differences in reporting requirements, resulting from how the success of each program is measured, also hinder coordination efforts. Each program has its own separate measures of success that subsequently drive program design and use of funds. While WIA's performance measures focus on participant outcomes, such as increases in average earnings change and employment retention rate, TANF measures focus on the overall caseload, such as work participation rates and caseload reductions. States can also measure the success of TANF through the use of indicators required for high performance bonus reporting, similar to WIA's performance measures. But data for the measures are not tracked uniformly across states, the measures are not defined in the same way, and participation in the TANF high performance bonus is voluntary. Because the mandatory federal measures for both programs evaluate very different things, officials found that tracking performance for the TANF and WIA programs together was difficult. Subsequently, these differences lead to different program designs and hamper state and local ability to coordinate TANF services with one-stop centers. In addition, similar to a finding in our prior report on WIA performance measures,[30] several state officials expressed concern that, when WIA funds were used to serve TANF clients, the reporting requirements could lead one-stop staff to only serve those TANF clients they believed stood a better chance of meeting WIA's outcome-based performance measures.

Different Information Systems Used by Welfare and Workforce Agencies Complicate Coordination

Welfare and workforce agencies often use different information systems, complicating efforts to coordinate TANF services with one-stop centers. Efforts to increase coordination require greater data sharing across organizations. However, as we reported in the past, some of the systems used by agencies providing services to TANF clients do not readily share data with other systems, hampering the case manager's ability to deliver services to the client in a timely manner.[31] In some cases, this may mean

[30] In our report *Workforce Investment Act: Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA's Effectiveness*, GAO-01-275 (Washington, D.C.: Feb. 2002) states reported that performance levels may determine who receives WIA-funded services.

[31] See U.S. General Accounting Office, *Human Services Integration: Results of a GAO Cosponsored Conference on Modernizing Information Systems*, GAO-02-121 (Washington, D.C.: Jan. 2002).

that data needed to determine what services should be provided to a client are not readily available to the case manager. In other cases, having multiple systems may mean that agency workers have to enter the same data multiple times. In addition, antiquated information systems of both welfare and workforce agencies have made it difficult for agencies to take advantage of new technologies, such as Web-based systems. During our site visits and telephone interviews, some local officials said that they could not merge or share data and were not equipped to collect information on clients in different programs. TANF clients are often tracked separately from clients of other programs, and even the One-Stop Operating System (OSOS), funded by Labor, does not allow one-stop centers to include TANF programs. In addition, other officials expressed concerns that sharing data across programs would violate client confidentiality protections.

Some states have been able to overcome this challenge to coordination by developing ways to merge data across multiple information systems. As reported in our previous work, we found that many states are extracting and consolidating data from multiple systems in data warehouses[32] and other specialized databases.[33] For example, the agency that administers TANF in Kansas developed a data warehouse to allow one-stop partners to access the data they needed on TANF clients without having to breach clients' confidentiality. Other localities have created their own information management systems. To compensate for the limitations of OSOS, a New Jersey one-stop opted to use its own system, which allows the center's staff to manually input all information on any client that is served through any program—including dates, work activities, and outcomes. Though some states have been able to merge information systems, the issues of incompatible computer systems are not easily resolved. Officials from two states we visited said that their states' TANF and WIA agencies were exploring the development of a shared information system but that cost estimates were too high for it to be implemented at this time.

[32] A data warehouse is a massive database that integrates information collected from disparate sources.

[33] See U.S. General Accounting Office, *Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort*, GAO/HEHS-00-48 (Washington, D.C.: Apr. 2000).

Conclusions

Although TANF is not a mandatory partner in the one-stops under WIA, it is clear that TANF and WIA coordination is increasing, especially at the point of service delivery—the local level. It appears that, as the systems have matured and their shared purposes and goals have become evident, many states and localities have found it advantageous to coordinate their TANF and WIA services—linking TANF clients with one-stop centers that are positioned to help them throughout their lifetime, long after they leave time-limited, cash assistance. This move toward service coordination is not happening everywhere—it has been left to state and local discretion. Many officials use the flexibility in the programs to coordinate services for TANF clients, but their efforts continue to be hampered by lack of accessible information on state and local coordination efforts and lack of clear research on the effectiveness of coordinated service delivery on TANF clients' outcomes.

Labor and HHS have made efforts to work together to address some of the obstacles that states and localities have faced, but their efforts have not produced clear information on ways to improve coordination for states wishing to do so. And, while some states have been successful at developing strategies to overcome obstacles to coordination, others have not been. Without a mechanism to share successful approaches, states and localities that have met with success in their coordination efforts will remain an untapped resource. The information they could share may help other states and localities struggling in their efforts to design more coordinated service delivery approaches.

In addition, though many states and localities have chosen to coordinate welfare and workforce services, research has yet to help state and local decision makers determine whether and how coordinated service delivery can be an effective method for improving TANF clients' employment success. It is unknown whether promoting coordinated service delivery will result in improved outcomes for TANF clients because limited research exists on this topic. Clear research findings would help guide federal, state, and local officials in developing service delivery approaches that work best for TANF clients and make the best use of available resources.

Recommendations for Executive Action

To help states more effectively address some of the obstacles to coordination, we recommend that Labor and HHS work together to jointly develop and distribute information on promising approaches for coordinating services for TANF clients through one-stops.

To enable states and localities to determine whether coordinated service delivery is the most effective method for improving TANF clients' employment success, we recommend that Labor and HHS promote research that would examine the role of coordinated service delivery on outcomes of TANF clients.

Agency Comments

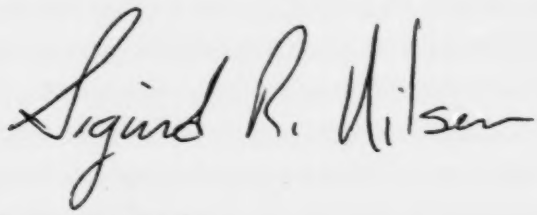
We provided a draft of this report to Labor and HHS for their review and comment. Formal comments from Labor and HHS appear in appendix II and III respectively. In addition to the comments discussed below, HHS provided technical comments that we incorporated where appropriate.

Labor and HHS generally agreed with our findings and recommendations and Labor noted that the report, in their opinion, contained an accurate portrayal of the extent of current collaboration between TANF and WIA services. Labor and HHS stated that they support efforts to share promising practices. Labor noted that they have awarded a contract to develop a comprehensive website for this purpose. We are hopeful that once fully developed it will be a ready source of information on many promising practices including the coordination of TANF and WIA services. HHS noted that ongoing research, in which they have both informal and formal linkages with Labor, would likely provide information on successful service delivery models.

HHS commented that our recommendation to promote research that would examine the role of coordinated service delivery on outcomes of TANF clients could require an experimental research design, which is not compatible with the delivery of human service programs in the real world. We recognize the difficulty in setting up a rigorous comparison, and do not suggest that experimental research design is the only type of research that would fulfill our recommendation. Our recommendation is to have Labor and HHS encourage and support research that focuses a portion of the analysis on how the service delivery structure of services affects outcomes for TANF clients. HHS studies have provided some information on the success of different service models in serving TANF clients and we are hopeful that future research will focus on how service delivery structures affect outcomes for TANF clients.

We are sending copies of this report to the Secretaries of HHS and Labor, relevant congressional committees, and others who are interested. Copies will also be made available to others upon request. This report is also available at no charge on GAO's Web site at http://www.gao.gov.

Please contact me on (202) 512-7215 if you or your staff have any questions about this report. Other major contributors to this report are listed in appendix IV.



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Appendix I: Annotated Bibliography of Reviewed Studies

Grubb, W. Norton, et al. *Toward Order from Chaos: State Efforts to Reform Workforce Development Systems.* Berkeley, CA: National Center for Research in Vocational Education, 1999.

This study began in 1997 and analyzed data obtained from officials interviewed in 10 states and in 2 localities within each of the states. Though findings from this study primarily focused on workforce development reform efforts, the study also addressed factors that promote service coordination and challenges to service coordination. Researchers found that good personal relationships among administrators and consistency of efforts over time promoted workforce development reform and service coordination, and conflicts between the welfare work first philosophy and the workforce development education and training philosophy presented a challenge to service coordination.

Martinson, Karin. *Literature Review on Service Coordination and Integration in the Welfare and Workforce Development Systems.* Washington, D.C.: Urban Institute, 1999.

This literature review, written by the Urban Institute and released by the Department of Health and Human Services (HHS) Office of the Assistant Secretary for Planning and Evaluation, summarized 16 studies released between 1989 and 1998 that addressed service coordination between welfare and workforce systems. The review summarized both barriers to coordination and factors that promoted coordination efforts between welfare and workforce agencies. Barriers to coordination included incompatible management information systems and different program performance measures; factors that promoted coordination included the federal strategy of providing information on successful examples of coordination and the local strategy of documenting and evaluating coordination efforts. The review concluded that studies do not suggest that one method of coordination was consistently successful in bringing together welfare and workforce systems.

McIntire, James L. and Amy F. Robins. *Fixing to Change: A Best Practices Assessment of One-Stop Job Centers Working With Welfare Recipients.* Washington: Fiscal Policy Center, University of Washington, 1999.

This study, released by HHS's Office of the Assistant Secretary for Planning and Evaluation, examined outcomes for TANF clients who received services at five one-stop centers in five states. Data collection occurred in 1997, and data analyzed included administrative data and focus group discussions with one-stop management and staff, employers

of welfare clients, and both current and former welfare clients. Welfare clients examined were both AFDC clients and TANF clients—depending on the one-stop examined—because data collection occurred during the period of initial TANF implementation. This study found that these five one-stop centers produced partially successful outcomes for welfare clients, as evidenced by employment rates, wage rates, and hours worked. This study did not compare outcomes of welfare clients receiving services at the one-stop centers to outcomes of welfare clients receiving services provided through different delivery structures, such as local welfare agencies or other service providers.

Pindus, Nancy, et al. *Coordination and Integration of Welfare and Workforce Development Systems*. Washington, D.C.: Urban Institute, 2000.

This study, released by HHS's Office of the Assistant Secretary for Planning and Evaluation in 2000 and written by the Urban Institute, examined recent state and local coordination efforts of welfare and workforce agencies. Data analyzed included interviews with officials from TANF and workforce agencies in 12 localities within 6 states that occurred in the summer of 1999. Findings included factors that generally promoted coordination between welfare and workforce agencies and those that created barriers to coordination. In the study, a prior history of coordination between agencies, the availability of flexible funding sources, and other factors were found to promote coordination between welfare and workforce agencies. In contrast, agency space limitations that hindered collocation and different program goals were identified as some of the challenges to coordination. This study concluded that there is not one ideal model, schedule, or set of guidelines that will result in successful service delivery coordination.

Appendix II: Comments from the Department of Labor

U.S. Department of Labor

JUN 21 2002

Employment and Training Administration
200 Constitution Avenue, N.W
Washington, D.C. 20210

Mr. Sigurd R. Nilsen
Director, Education, Workforce,
And Income Security Issues
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Nilsen:

Thank you for the opportunity to provide comments on the draft GAO report, Workforce Investment Act: States and Localities Increasingly Coordinate Services for TANF Clients, but Better Information Needed on Effective Coordination Approaches (GAO-02-696). We appreciate the extent to which GAO coordinated with Department of Labor (DOL) staff throughout the development of the report. It is our opinion that the report contains a very accurate portrayal of the extent of current collaboration between the two systems.

We believe that strong linkages between the Workforce Investment Act (WIA) and Temporary Assistance for Needy Families (TANF) programs are vitally important, and better coordination is a core principle upon which we are making recommendations for changes to both pieces of legislation during their respective reauthorizations. It is our belief that stronger linkages, especially the provision of TANF services in One-Stop Career Centers, will result in benefits for program participants in terms of access to a wider array of services as well as for program operators who would see reduced burden and duplication of effort at the state and local levels.

Currently, approximately 50 percent of the states (examples include Wisconsin, Utah, and Michigan) have exercised the option to include TANF as a partner in their One-Stop system statewide. While this is notable progress, there are still a number of states in which the TANF employment and WIA programs are administered through parallel and duplicative systems.

As a One-Stop partner, TANF core services are available at a minimum of one comprehensive One-Stop Career Center in each local workforce investment area, thus expanding access to services for low-income families. Core services include such activities as outreach, intake, initial assessment, and job search and placement assistance.

In addition, continued integration also means that existing local welfare offices are part of a state's One-Stop system as partners in a network of affiliated sites.

A Proud Member of America's Workforce Network

WIA does not require that partners provide core services exclusively at a One-Stop Career Center, and partners are not required to route all of their participants through a comprehensive One-Stop Career Center. However, this advanced level of communication and coordination furthers the ideal of good governance, less duplication and better service to customers.

An important incentive to furthering linkages is developing a common performance system upon which programs can be evaluated and for which reporting burdens are reduced. There should be a common core of performance measures (such as entered employment and earnings gain) across all federal workforce programs. We have begun policy-level discussions with the Department of Health and Human Services' Administration for Children and Families (ACF), as well as Department of Education officials, on this key issue.

We also agree that the sharing of promising practices is an area in which our system needs to improve. To that end, we have awarded a grant to the State of Illinois to develop a comprehensive website (http://promising-practices.org). It will be designed as a comprehensive internet-based digital library of promising practices in workforce development from throughout the nation. When fully developed, it will be a powerful research and reference tool for public and private sector workforce professionals who want to improve organizational performance and enhance their ability to meet customer needs. In addition, we will work with our partners at ACF to identify additional ways to disseminate this information.

I would like to clarify the reference made to the America's One-Stop Operating System (AOSOS) on page 27 of the draft report. It is incorrect to characterize this system as "Labor's" system. While developed with DOL funds, the system was designed by states for states. And, it was developed with multi-agency functionality, which allows numerous partner agencies to use the system. The fact that AOSOS is browser-based and can be accessed over the Internet further enhances this feature, as it allows partners who are not co-located to still be able to use the system. While it may be true that the TANF program is not using AOSOS in any of the states that have implemented the system, we do not believe it is a system limitation issue.

We will provide a formal response to GAO's recommendations for executive action when the report is final.

Sincerely,

Emily Stover DeRocco

Emily Stover DeRocco

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Appendix III: Comments from the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

JUN 24 2002

Mr. Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Nilsen:

Enclosed are the Department's comments on your draft report entitled,"Workforce Investment Act: States and Localities Increasingly Coordinate Services for TANF Clients, but Better Information Needed on Effective Coordination Approaches." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department also provided several technical comments directly to your staff.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

Janet Rehnquist

Janet Rehnquist
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

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COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "WORKFORCE INVESTMENT ACT: STATES AND LOCALITIES INCREASINGLY COORDINATE SERVICES FOR TANF CLIENTS, BUT BETTER INFORMATION NEEDED ON EFFECTIVE COORDINATION APPROACHES" (GAO-02-696)

The Department of Health and Human Services (HHS) appreciates the opportunity to comment on this draft report, which provides useful information about the coordination of services between the Temporary Assistance for Needy Families (TANF) and Workforce Investment Act (WIA) programs.

General Comments

As your report chronicles, the link between State welfare agencies and State workforce development agencies stretches back to 1967 when the welfare program was Aid to Families with Dependent Children (AFDC) and the relevant employment program was the Work Incentive program (WIN). Succeeding legislation has caused both agencies to evolve and grow. The welfare reform legislation of 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), abolished the AFDC program, created the TANF program and changed the paradigm in welfare offices from income maintenance to moving families to work and self-sufficiency. Another dramatic change occurred in the workforce development system in 1998 when the Workforce Investment Act (WIA) required States to bring together an array of Federally funded, employment-related services and offer those services through one-stop centers. The WIA statute delineated a list of mandatory partners for each one-stop center, but TANF was listed among the optional partners.

From the beginning, both HHS and the Department of Labor (DOL) strongly encouraged State TANF and WIA agencies to partner and coordinate services. The TANF's strong work requirements and time-limited assistance coupled with recipients' need for tailored, often multiple services, strengthen the importance of coordinating TANF and WIA services to maximize their shared purpose of moving individuals to work.

Within HHS, the Administration for Children and Families (ACF) and the Office of the Assistant Secretary for Planning and Evaluation (ASPE) are working cooperatively with Federal partners, including the DOL, to identify strategies to help low-income families succeed in the labor market while blending work with family responsibilities. The ACF and its partners have begun a multi-phased initiative to increase capacity at the State and local levels to support work among low-income families. Of necessity, this effort involves a consideration of how the two Departments' various programs interface in the delivery of services. A contract was awarded to the National Governors Association to identify promising practices and convene senior State officials to stimulate information exchange, focus attention on supports for working families, and develop plans for improving their capacity to provide supports for working, low-income families. Future work may include the provision of technical assistance and evaluation of varied

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approaches. In the course of gathering data for this project, it will become more apparent what sorts of strategies, in combination and across departments, contribute to the well-being of the working poor.

GAO Recommendation

To help States more effectively address some of the obstacles to coordination, GAO recommends that the Departments of Labor and HHS work together to jointly develop and distribute information on promising approaches for coordinating services for TANF clients through one-stops.

Department Comment

We concur that providing information on promising approaches to improved coordination could help; however, administrative and program differences between TANF and WIA will continue to substantially limit the ability of States to use these programs to their full potential. Because of this, the Administration has proposed waiver authority, under the President's welfare reform reauthorization proposal, that would enable State TANF programs and WIA partners to propose reforms enabling them to coordinate, even integrate, various aspects of their workforce and public assistance efforts in order to provide better service for clients.

In addition, as part of its research agenda, ASPE plans to study TANF and WIA coordination issues. This project likely will include the identification of promising approaches to service coordination, in-depth examination of some of those approaches, and the sharing of that information with TANF offices and one-stop agencies nationally. This project will build on the work already done by GAO and others on service coordination issues and ASPE will keep GAO informed of study progress. Other ongoing HHS studies (see below) will also likely be a source of information on successful service delivery models. The HHS has both formal and informal partnerships with DOL on most of these studies and we will continue to work with ou. DOL colleagues to formulate a strategy for the identification of "best practices" and the sharing of information.

GAO Recommendation

To enable States and localities to determine whether coordinated service delivery is the most effective method for improving TANF clients' employment success, we recommend that the Departments of Labor and HHS promote research that would examine the role of coordinated service delivery on outcomes of TANF clients.

Department Comment

Understanding the effect of coordinated service delivery on client outcomes would require an experimental comparison of integrated versus separate service-delivery mechanisms. We are concerned that this would be very difficult to do in a rigorous manner. Localities are likely to be very reluctant to operate different systems side-by-

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side to allow for a direct comparison of outcomes. There are several HHS studies, such as the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation, Employment Retention and Advancement Study and Supports for Working Families, underway that will provide some information on the success of different service models in serving TANF clients. While these projects will not provide experimental data on randomized treatment and control groups receiving services under different service-delivery approaches, they will be a source of useful information on successful program designs.

Human service programs take place in the real world, and therefore, present obstacles to clean evaluation. The ACF is committed to evaluating programs as rigorously as possible given the state of the current evaluation methodology. We have learned some useful methodological and strategic information from our experience with the Employment Retention and Advancement Project that has already proved valuable for the formation of other projects currently being planned.

Other Department Comments

There should be a statement at the beginning of this document that TANF is HHS-funded and generally part of a State's social service structure and that WIA is Labor-funded and traditionally in a State's Department of Labor or workforce structure. The U.S. Departments of HHS and Labor are not mentioned until page 4. The report also should acknowledge the differences between the welfare and workforce investment systems, as reflected by the States' flexibility in TANF design and cross-program coordination issues.

The report seems to presume that coordination between TANF and workforce systems through one-stop centers is the preferred approach to the delivery of services to the TANF population. It would be helpful if the report clearly articulated the rationale for this position. In addition, we suggest the report state the advantages for State TANF agencies and the TANF population to link with the one-stop system as well as the drawbacks to participation.

In addition, the summary of the Welfare to Work (WtW) grant history is incomplete. We suggest additional language that explains the current status of the WtW grants program, i.e., explain that Congress has not taken action to reauthorize this program and provide information on the number of States and competitive grantees that participated.

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Appendix IV: GAO Contacts and Staff Acknowledgments

GAO Contacts

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Staff Acknowledgments

Suzanne Lofhjelm, Natalya Bolshun, Kara Finnegan Irving, and Rachel Weber made significant contributions to this report. In addition, Jessica Botsford and Richard Burkard provided legal support and Corinna Nicolaou provided writing assistance.

Related GAO Products

Workforce Investment Act: Youth Provisions Promote New Service Strategies, but Additional Guidance Would Enhance Program Development. GAO-02-413. Washington, D.C.: April 5, 2002.

Workforce Investment Act: Coordination between TANF Programs and One-Stop Centers Is Increasing, but Challenges Remain. GAO-02-500T. Washington, D.C.: March 12, 2002.

Workforce Investment Act: Coordination between TANF Services Through One-Stops Has Increased Despite Challenges. GAO-02-739T. Washington, D.C.: May 16, 2002.

Workforce Investment Act: Better Guidance and Revised Funding Formula Would Enhance Dislocated Worker Program. GAO-02-274. Washington, D.C.: February 11, 2002.

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Workforce Investment Act: New Requirements Create Need for More Guidance. GAO-02-94T. Washington, D.C.: October 4, 2001.

Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements. GAO-02-72. Washington, D.C.: October 4, 2001.

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Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients. GAO/HEHS-99-22. Washington, D.C.: February 26, 1999).

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